



TO: Chief Financial Officers

FROM: Katie Wunderlich, Executive Director

RE: Emergency Funding to Address Staffing Needs & COVID-19

DATE: December 23, 2021

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As a direct response to Governor Hogan’s [announcement](#) to provide \$100 million in Emergency Funding to address staffing and other funding needs at Maryland hospitals, the HSCRC is accelerating the release of the undercharge to help stabilize workforce and staffing needs.

Staff will release an additional \$50 million of undercharge funding from FY 21. Previously, staff had proposed releasing only 1/3 of the FY21 undercharge as part of the January rate updates. Statewide, this amount was \$74 million. An additional \$50 million, as part of the Governor’s response to COVID-19 and staffing needs, increases this amount to \$124 million.

As a result of this update, staff will include 55 percent of each hospital’s undercharge in the January rate updates, derived by dividing \$124 by \$224 million. The remaining \$100 million of undercharge will be released at a later date, pending review of Model waiver results for CY21 and discussion of the FY23 annual update factor. This does not change staff’s prior position for hospitals who were overcharged in FY21. Overcharged hospitals will pay back the entire overcharge + any associated penalties in the January rate updates, unless a mutually agreed upon exception has been made.